

Message Text

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47

ACTION SS-30

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O 301451Z OCT 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 5325

INFO USINT ALGIERS IMMEDIATE

AMEMBASSY AMMAN IMMEDIATE

AMEMBASSY BEIRUT IMMEDIATE

AMCONSUL DHAHRAN IMMEDIATE

AMEMBASSY KHARTOUM IMMEDIATE

AMEMBASSY KUWAIT IMMEDIATE

AMEMBASSY MANAMA IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY RABAT IMMEDIATE

AMEMBASSY SANAA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

S E C R E T JIDDA 4768

EXDIS

E.O. 11652: GDS

TAGS: ENRG, PFOR, SA, XF

SUBJ: VIEWS OF SAUDI PETROLEUM MINISTER: OIL AS A
POLITICAL WEAPON; THE STICK (PART II OF III)

REF: JIDDA 4615; JIDDA 4745

SUMMARY: YAMANI EXPRESSED REAL DISTRESS THAT U.S. HAD NOT
TAKEN SERIOUSLY EITHER HIS EARLIER WARNINGS NOR THE KING'S
REITERATION OF THEM BEFORE THE PRESENT WAR AND HAD CHOSEN
TO GIVE EXTENSIVE MILITARY AND ECONOMIC ASSISTANCE TO ISRAEL.
THE KING DISPLEASED AND SUSPICIOUS OF U.S. AND THERE WAS NO
DOUBT THAT HE CONTINUED TO INTEND TO USE OIL AS THE MOST IM-
PORTANT WEAPON THE ARABS POSSESS. PRODUCTION IN NOVEMBER
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WILL BE 28 PERCENT BELOW PLANNED OUTPUT AND FURTHER ACTION
WILL BE TAKEN IN DECEMBER UNLESS ISRAEL WITHDRAWS TO HER 1967
BOUNDARIES INCLUDING ESPECIALLY JERUSALEM. IF THERE IS NO
MOVE ON THE POLITICAL FRONT THEN THE U.S. CAN FORGET ABOUT

COMMERCIAL CONTRACTS TO DEVELOP THE KINGDOM AS WELL AS RESTORATION OF OIL PRODUCTION. THE ONLY EFFECTIVE ARGUMENT WITH YAMANI WAS OUR ACTION TO SAVE THE EGYPTIAN THIRD ARMY AND SECRETARY KISSINGER'S STATEMENT ON THE OCT 22 POSITION ON THE CEASEFIRE LINES. WE BELIEVE WE MAY BE ABLE TO START TALKING ABOUT LIFTING THE OIL BOYCOTT ONLY WHEN ISRAEL STARTS HER WITHDRAWAL. END SUMMARY.

1. ON OCT 28 MINISTER AHMED YAMANI REVIEWED WITH ME HIS APRIL STATEMENTS IN WASHINGTON ON THE NECESSITY OF REACHING SOME SETTLEMENT TO THE MIDDLE EAST PROBLEM INCLUDING WITHDRAWAL OF ISRAEL TO ITS 1967 BOUNDARIES. HE HAD SAID PUBLICLY AND PRIVATELY THAT IF THE U.S. DID NOT PUT PRESSURE ON ISRAEL TO RELINQUISH ARAB TERRITORIES, THEN SAUDI ARABIA WOULD NOT BE ABLE TO CONTINUE DOING FAVORS FOR THE U.S BY INCREASING OIL PRODUCTION.

2. HE SAID HE WAS DISTRESSED THAT HE HAD NOT BEEN TAKEN SERIOUSLY. THE KING WAS ALSO UNHAPPY AND GAVE HIS PRESS AND TELEVISION INTERVIEWS TO REPEAT THE SAME WARNINGS. THE KING COULD NOT BELIEVE SUBSEQUENT REPORTS FROM THE U.S. IMPLYING THAT THE USG BELIEVED HE WAS BLUFFING.

3. HE SAID THAT WHEN HE HAD TOLD ME TWO WEEKS AGO (REFTEL) THAT SAUDI ARABIA AT THE LAST KUWAITI OIL MEETING HAD FOUGHT AGAINST SUBSTANTIAL CUTS IN PRODUCTION AND AGAINST ANY BOYCOTT OF THE U.S. HE WAS TELLING THE TRUTH. THIS HAD BEEN EXACTLY THE SAUDI POSITION, FROM THE KING ON DOWN. BUT WHEN THE EXTENT OF U.S. MILITARY ASSISTANCE TO ISRAEL BECAME KNOWN, WHEN ISRAEL WAS ABLE TO USE THE MOST SOPHISTICATED U.S. WEAPONS TO "BREAK THE BONES OF THE ARABS," AND FINALLY WHEN THE USG PROPOSED EVEN MORE EXTENSIVE ECONOMIC AND MILITARY ASSISTANCE TO ISRAEL, THE KING DECIDED HE MUST MOVE AGAINST THE U.S. INTERESTS. HE SAID THE KING WAS DISPLEASED WITH AND SUSPICIOUS OF THE UNITED STATES AND HAD SAID REPEATEDLY THAT FRIENDSHIP TO MEAN ANYTHING MUST BE SHOWN BY BOTH PARTIES. MINISTER YAMANI SAID THAT NOT A SINGLE DISSENTING VOICE HAD
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BEEN RAISED IN THE KINGDOM AGAINST THIS DECISION--"EVEN FROM YOUR LACKEYS." THE ARABS ALL KNEW, HE SAID, THAT OIL IS THE MOST IMPORTANT WEAPON IN THEIR HANDS AND THAT THERE COULD NOT BE ANY QUESTION UNDER THE CIRCUMSTANCES, OF ITS NOT BEING USED.

4. PRODUCTION IN NOVEMBER WILL BE 28 PERCENT BELOW PLANNED PRODUCTION--OR A SHORT-FALL OF 2.6 MILLION BBLS/DAY. AND IN DECEMBER FURTHER ACTION (UNSPECIFIED) WILL BE TAKEN.

5. THE BOYCOTT AND THE PRODUCTION CUTS WILL STAY IN EFFECT UNTIL ISRAEL HAS WITHDRAWN TO ITS PRE-1967 BOUNDARIES INCLUDING ESPECIALLY JERUSALEM. HE SAID, "THE KING DOESN'T GIVE A

DAMN PERSONALLY ABOUT SINAI BUT JERUSALEM IS MORE IMPORTANT TO HIM THAN IT IS TO HUSSEIN."

6. MINISTER YAMANI SAID THAT HE HAD RECEIVED MORE OFFERS AND PROPOSALS FROM AMERICAN FIRMS THAN HE COULD COUNT. THESE WERE FOR INVESTMENTS IN SAUDI ARABIA OR OPPORTUNITIES FOR SAUDI INVESTMENTS ABROAD, AND ALL WERE CONNECTED IN ONE WAY OR ANOTHER WITH OIL SUPPLY. HE SAID THAT THERE WERE SEVERAL MAJOR PROJECTS COMING UP AND THAT SAUDI ARABIA WAS ALREADY A BIGGER CUSTOMER FOR U.S. GOODS THAN IRAN OR ANY OTHER COUNTRY IN THE AREA. BUT IF THERE IS NO MOVEMENT BY THE U.S. ON THE POLITICAL FRONT THEN IT COULD FORGET ABOUT GETTING ANY CONTRACTS IN SAUDI ARABIA AND IT EVEN COULD FORGET ABOUT FURTHER SALES.

7. I GAVE ZAKI OUR LONG EXPLANATION ON WHY WE FELT WE MUST GIVE AID TO ISRAEL, THAT WE HAD GIVEN ALMOST NOTHING UNTIL THE SOVIET ASSISTANCE TO SYRIA AND EGYPT BECAME OVERWHELMING, THAT WE WANTED ONLY TO MAINTAIN A BALANCE OF POWER, WHICH WOULD FACILITATE MOVES TOWARD PEACE AND THAT WE WERE NOT BUILDING UP ISRAEL'S SUPERIORITY. HE ROLLED HIS EYES, LAUGHED AND SAID, "YOU'RE MY FRIEND, HOW CAN YOU TELL ME SUCH NONSENSE*"

8. I THEN GAVE HIM A FULL ACCOUNT OF OUR MORE RECENT ACTION TO PROTECT THE EGYPTIAN POSITION, TO SAVE THE EGYPTIAN THIRD ARMY AND TO KEEP SADAT FROM BEING HUMILIATED. I TOLD HIM ALSO THAT OUR POSITION ON THE CEASEFIRE LINE WAS THAT IT MUST BE THE POSITION OF OCT 22 NOT OF TODAY. THIS IMPRESSED HIM MUCH MORE. COMMENT: THE SAUDIS RARELY MENTION THE "RIGHT OF SECRET

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THE PALESTINIANS" IN TALKS WITH US. YAMANI NEVER RAISED THE SUBJECT (JIDDA 4745), EVEN THOUGH THE PHRASE APPEARS IN ALL DOCUMENTS. IT SEEMS THAT ONLY TERRITORY IS IMPORTANT TO THE SAUDIS. IN SPITE OF REPEATED SAUDI STATEMENTS, HOWEVER, THAT THEY WILL NOT BUDGE ON THEIR OIL DECISIONS UNTIL AN ARAB FLAG FLIES OVER OIL JERUSALEM, WE BELIEVE WE CAN START TALKING TO THEM SERIOUSLY ABOUT LIFTING THE OIL BOYCOTT AND INCREASING OIL PRODUCTION AS SOON AS THERE IS SOME REAL MOVEMENT TOWARD PEACE. BUT WE SHOULD NOT EXPECT POSITIVE MOVES FROM THE SAUDIS UNTIL ISRAELI WITHDRAWAL BEGINS.
AKINS

SECRET

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